

**AGENDA**



**Recommendation for Council Action**

Austin City Council	<b>Item ID</b>	8510	<b>Agenda Number</b>	65.
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<b>Meeting Date:</b>	8/25/2011	<b>Department:</b>	Treasury
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Subject

Approve a resolution expressing the City's consent, as required by Internal Revenue Code Section 147(f), to Northeast Higher Education Facilities Finance Corporation's loan to American CAN in an amount not to exceed \$2,400,000 to (i) refinance the acquisition, construction and renovations of a school building located at 2406 Rosewood Avenue, Austin, TX 78702 and (ii) pay certain expenses in connection with the issuance of the Loans.

Amount and Source of Funding

Fiscal Note

<b>Purchasing Language:</b>	
<b>Prior Council Action:</b>	
<b>For More Information:</b>	Art Alfaro, Treasurer, Finance and Administrative Services 974-7882
<b>Boards and Commission Action:</b>	
<b>MBE / WBE:</b>	
<b>Related Items:</b>	

Additional Backup Information

The Northeast Higher Education Facilities Corporation intends to enter a loan agreement in an aggregate amount not to exceed \$2,400,000 with Branch Banking and Trust Company and loan the proceeds to American CAN. The loan will be used to: (i) refinance the acquisition, construction and renovation of a school building located at 2406 Rosewood Avenue, Austin, Texas 78702 and (ii) pay certain expenses in connection with the issuance of the loans.

The Cultural Education Facilities Finance Corporation Act (Article 1528m, Vernon's Texas Civil Statutes) permits a nonprofit corporation, acting on behalf of a city or a county, to sell bonds, make loans, or enter into leases to finance or refinance cultural and community facilities. Because the facilities being financed and refinanced for American CAN are located within the City of Austin, the Internal Revenue Code requires that the Mayor or the City Council approve the loan.

The City of Austin is not being asked for funds and in no way will the loan be considered a debt or liability of the City. The financing does not count against the City's bonding capacity. All the expenses and repayment liability for this financing are solely an obligation of American CAN.